

Shared Vision

Innovate. Adapt. Lead.

May investment committee



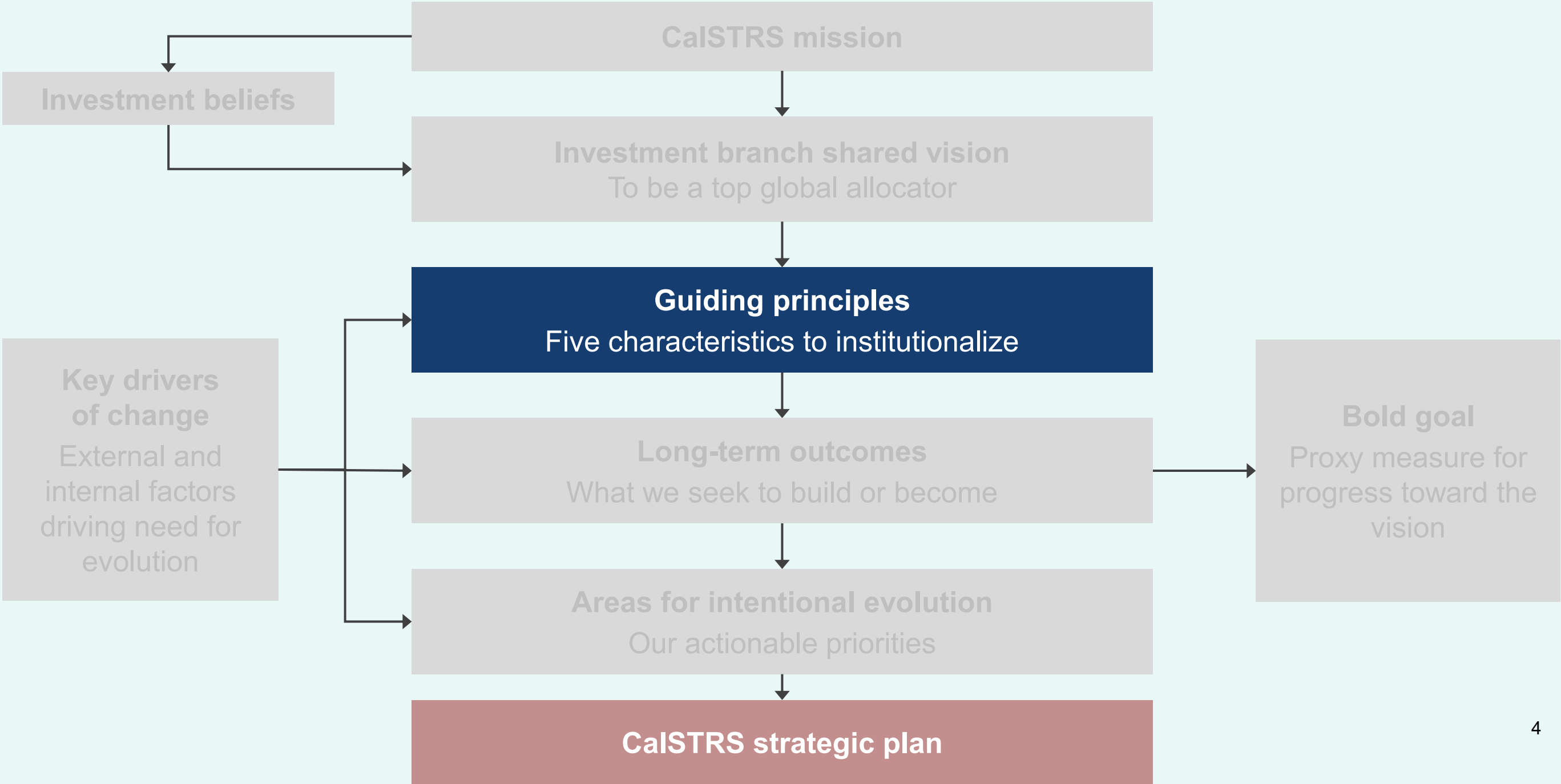
Shared vision purpose

-  **Develop long-term goals to maintain CalSTRS status as a top global allocator.**
-  **Determine how the investment branch should evolve as an organization – actionable priorities.**

Shared vision architecture



Shared vision architecture



Shared vision: Characteristics of a top global allocator



**Mission-driven
mindset**



**World-class
talent**



**Smart
execution**

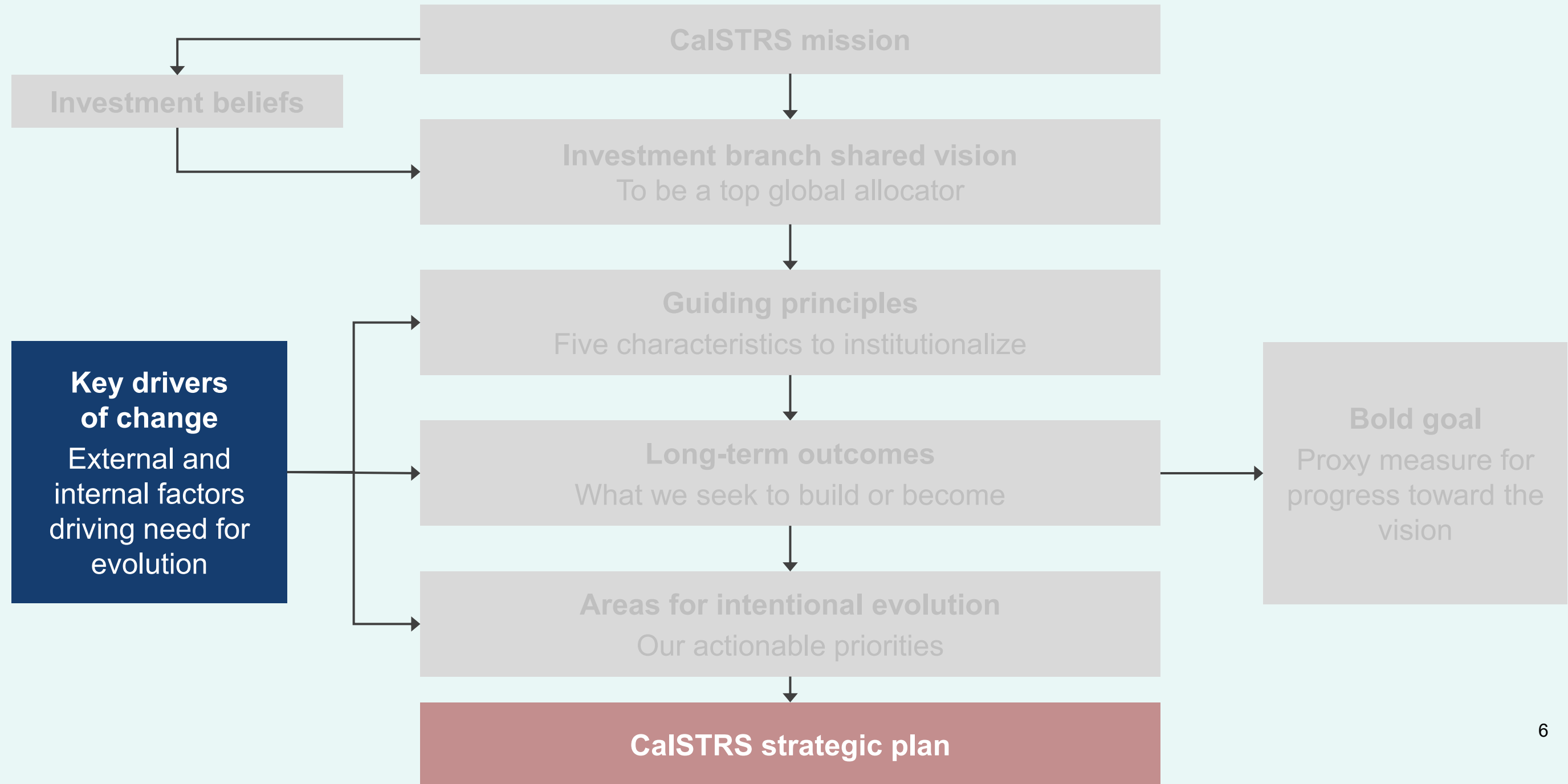


**Organizational
agility**



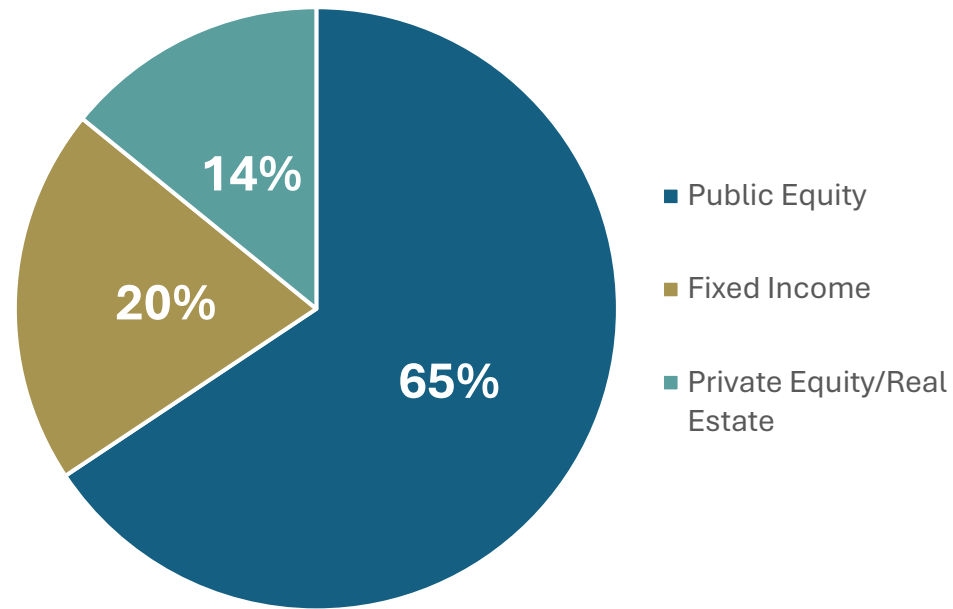
**Partner of
choice**

Shared vision architecture

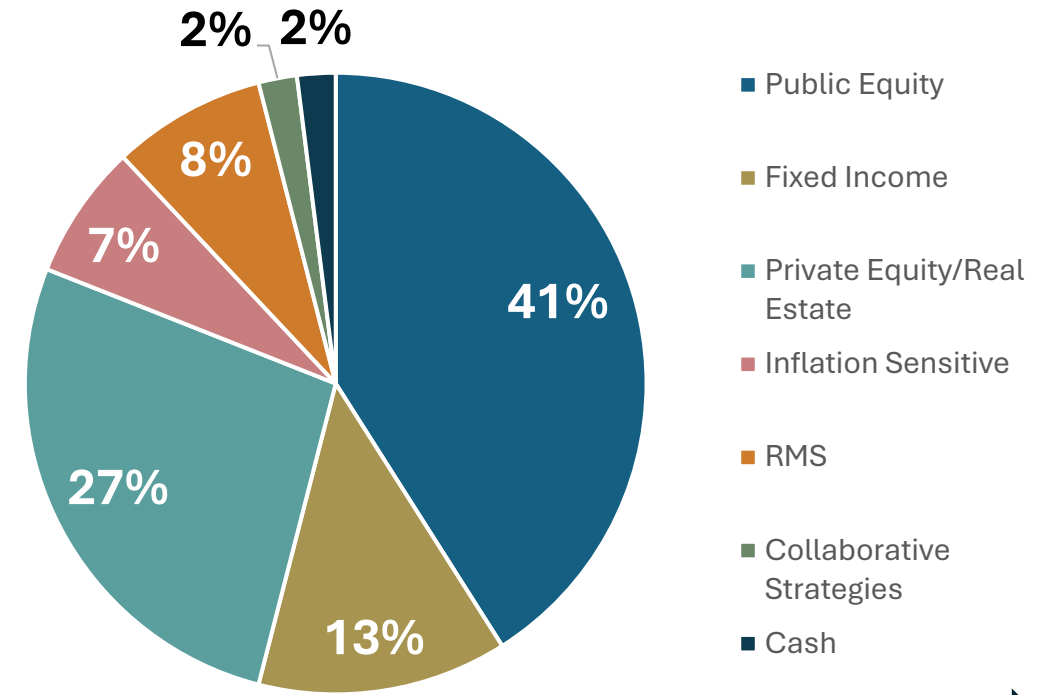


Internal drivers of change

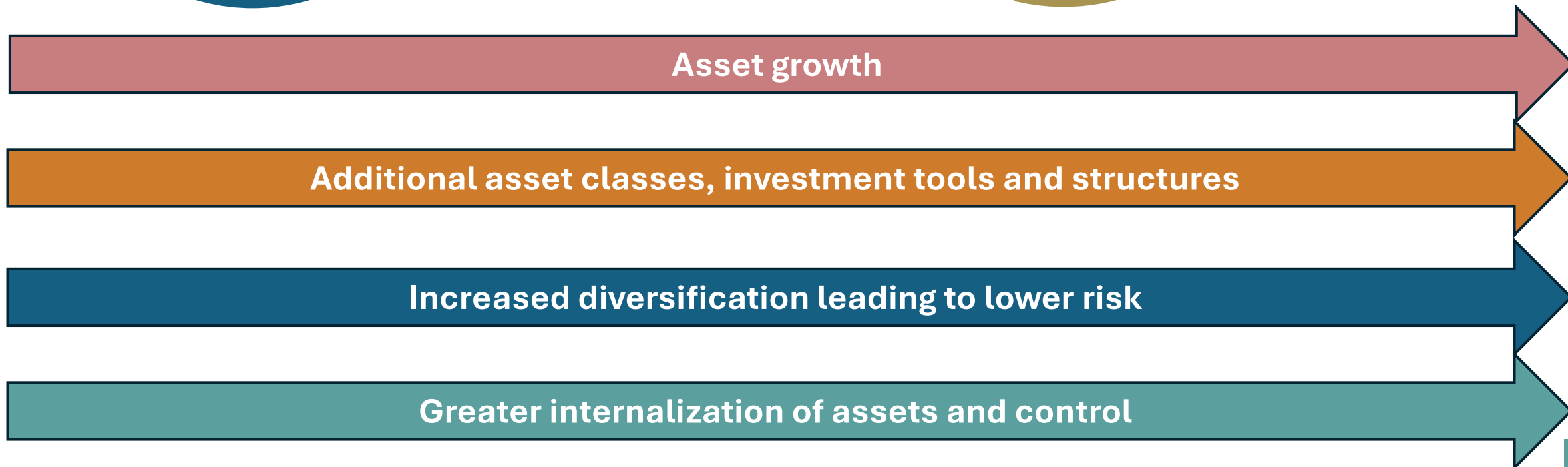
2006
\$158B



2026
\$400B



- Public Equity
- Fixed Income
- Private Equity/Real Estate
- Inflation Sensitive
- RMS
- Collaborative Strategies
- Cash



10-year performance highlights

Returns:

8.1% annually,
exceeding
benchmarks

Funded ratio:

Improved from
72.5% to 76.7%

Lower risk:

Diversified asset
allocation at lower
volatility

Collaborative Model savings:

8-year savings =
\$2.6B

Value add:

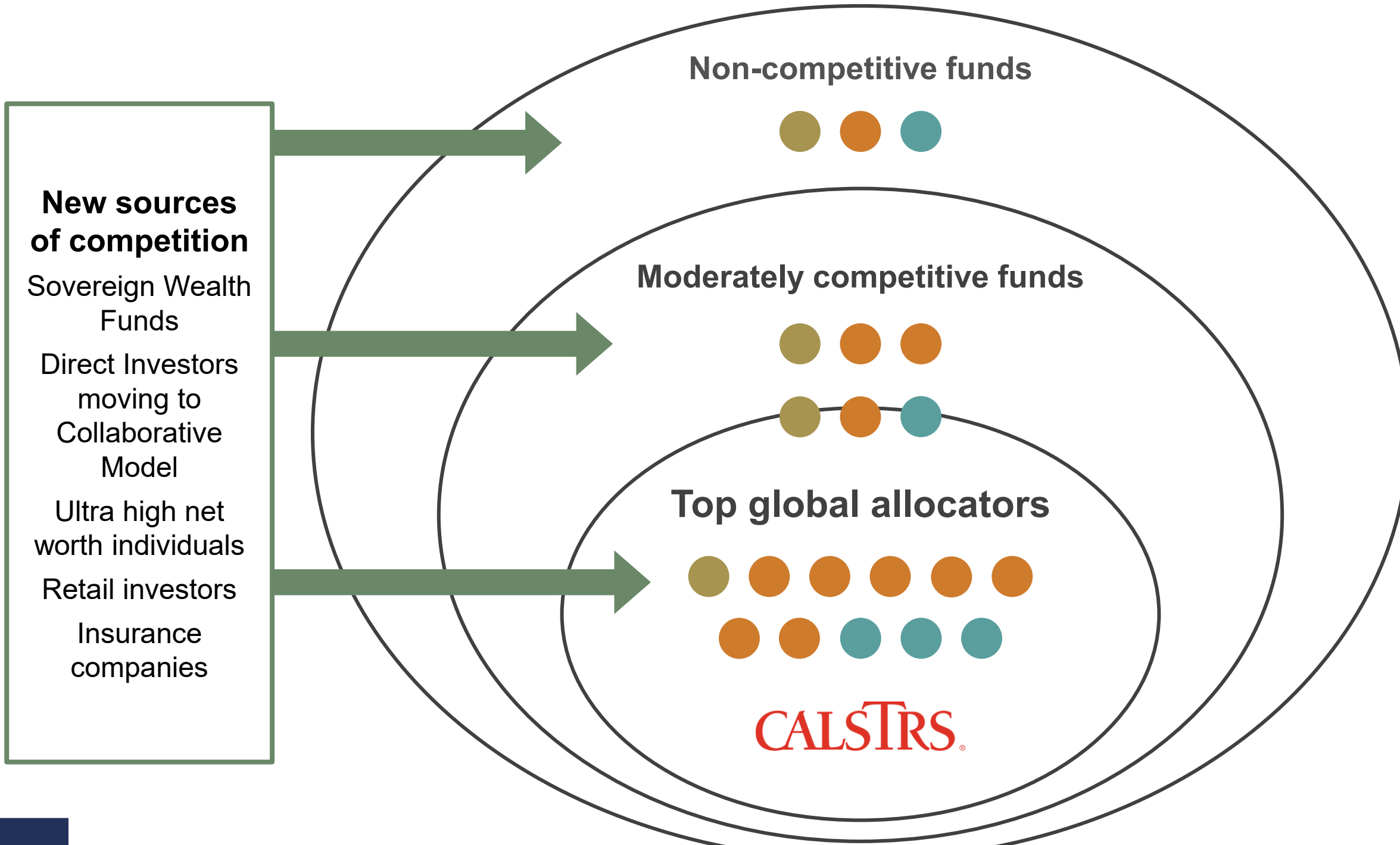
\$21.7B of excess
value vs. portfolio
benchmark

ROI:

Every \$1 spent on
staff, earned \$34
in excess returns

The competitive landscape: 2036

- U.S. public pension funds
- Global, public pension funds
- Other global public funds



External drivers of change

Structural shifts in the market

- Complex/hybrid products
- Convergence of public and private market opportunities
- Expanded global investment opportunities

Geopolitics, fragmentation, and volatility

- Increased complexity and tail risks
- Demands greater governance, risk management, and dynamic asset allocation

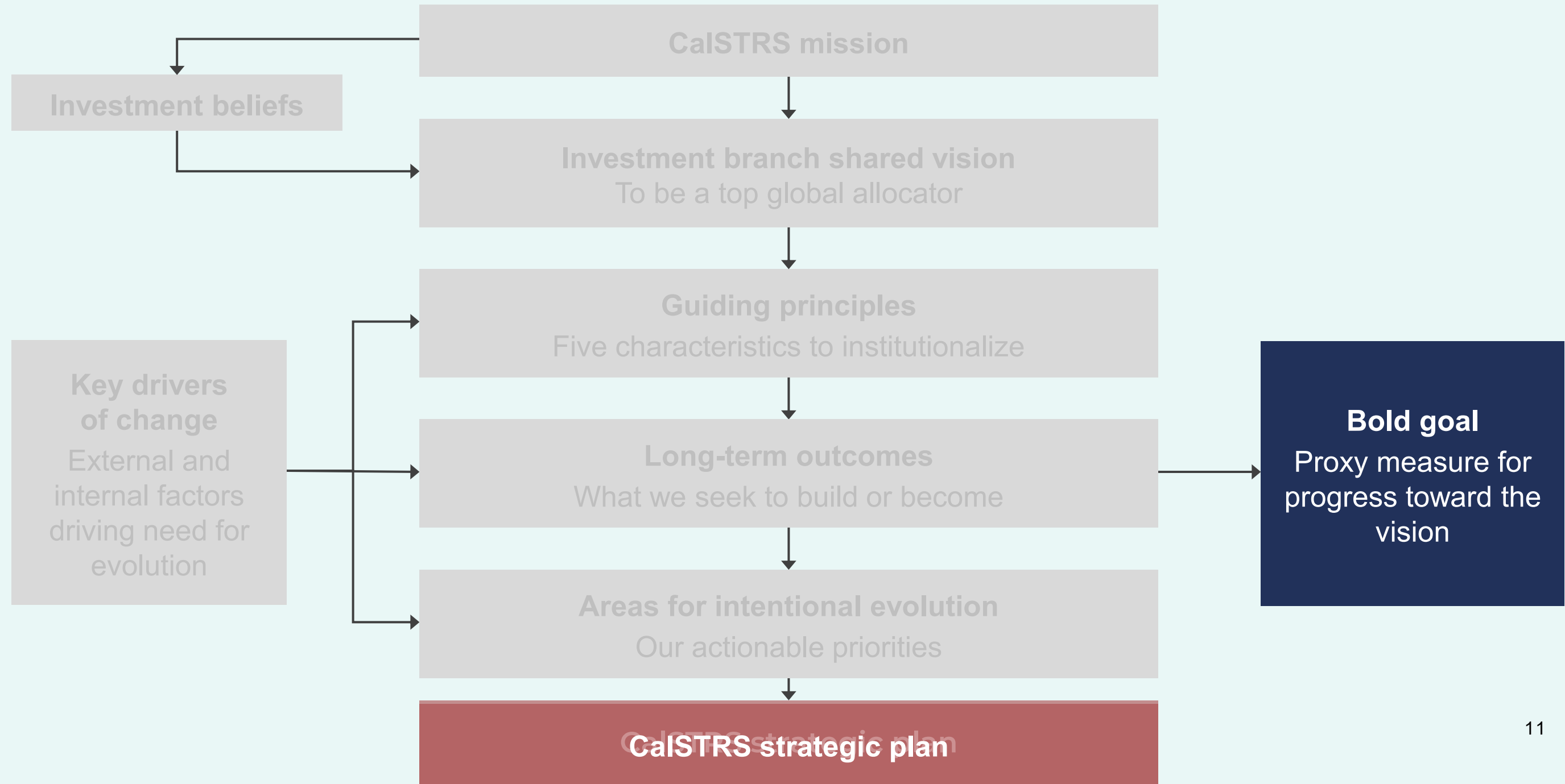
Technological advancements

- Rapid advancements in technology could fundamentally alter underwriting, investment decision-making and access to private markets

Scale

- Enough scale to manage strategies to get better fees, internal management, complex strategies, competitive fees

Shared vision architecture

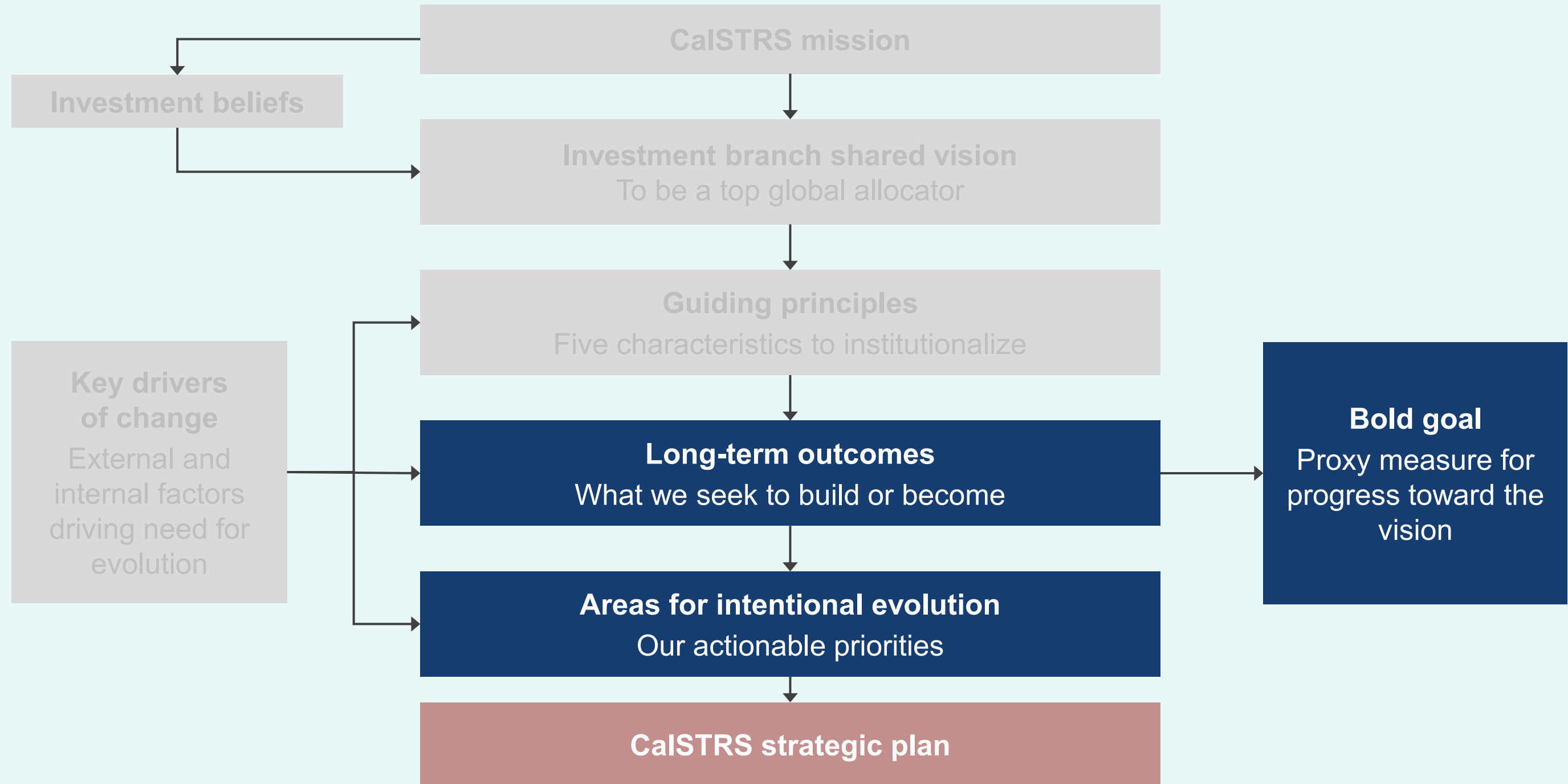


Bold goal development

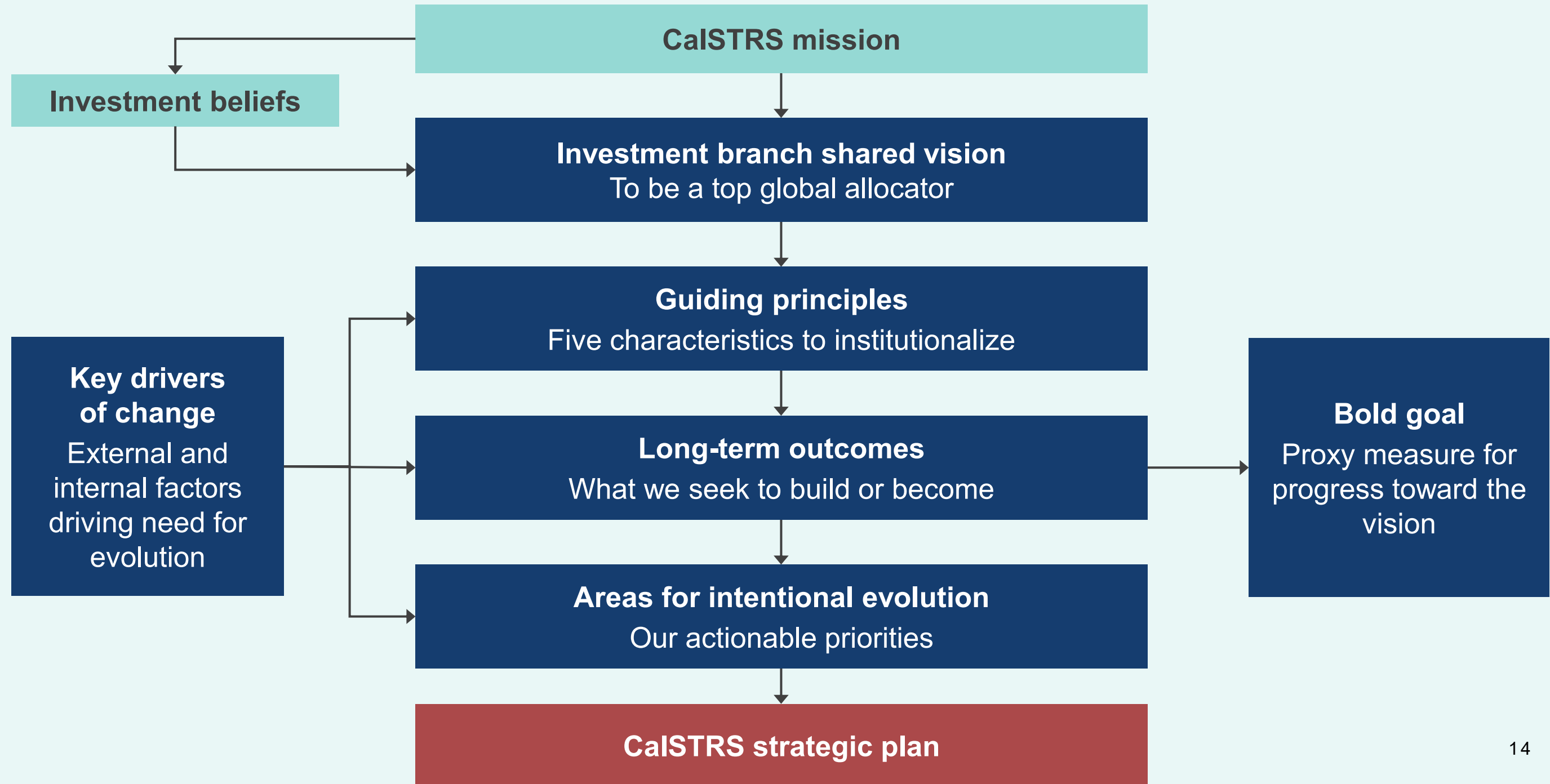


- **Prudent approach to developing the bold goal**
- **Measurable target to enable accountability**
- **Alignment of shared vision strategy and goals**
- **Developing portfolio resiliency**

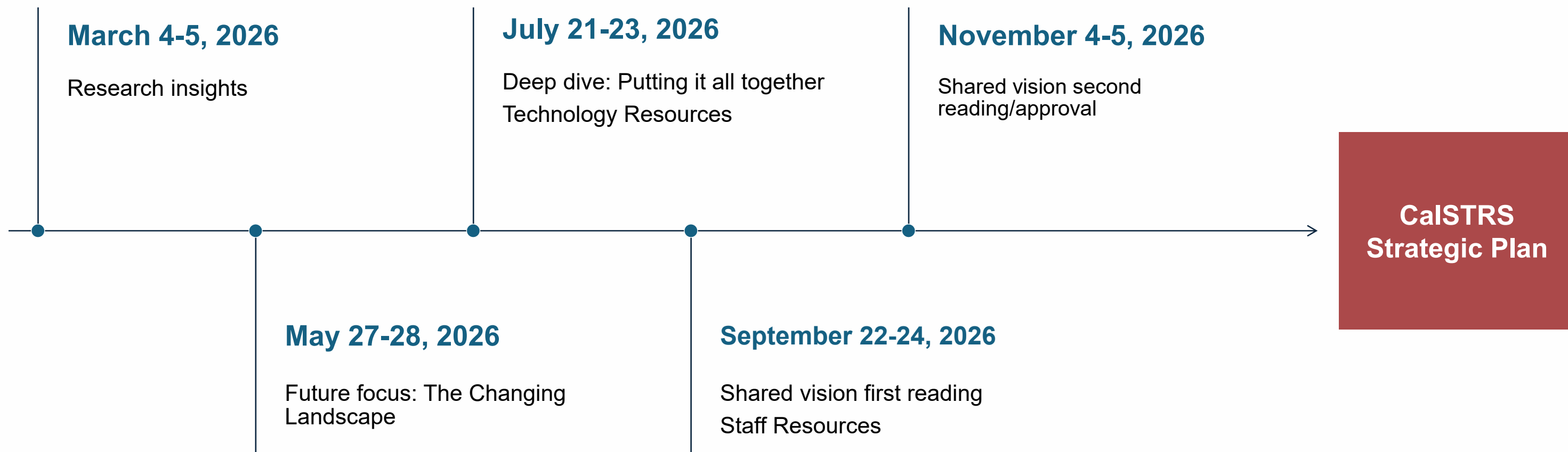
Shared vision architecture



Shared vision architecture



Shared vision timeline



Thank you
